

Memorandum

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To: Arthur Rosenfeld, Presiding Member
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From: **California Energy Commission** Bob Eller,
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Subject: GWF HENRIETTA PEAKER PROJECT ISSUE IDENTIFICATION REPORT

Attached is the staff's Issue Identification Report. This report serves as a preliminary scoping document and identifies the issues the Energy Commission staff believes will require careful attention and consideration. Energy Commission staff will present the Issues Report at a scheduled Informational Hearing on November 8, 2001, at 5:30 p.m. in Lemoore, California.

Part of this report deals with scheduling issues. The Energy Commission is reviewing the GWF Henrietta Peaker Project pursuant to the expedited four-month Application for Certification (AFC) process set forth by Public Resources Code section 25552. The Energy Commission staff recommends that the AFC review process be completed in 120 days.

Attachments

cc: Proof of Service List

ISSUE IDENTIFICATION REPORT

GWF HENRIETTA PEAKER PROJECT

(01-AFC-18)

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PURPOSE OF REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified in the case thus far. Issues are identified as a result of discussions with federal, state, and local agencies, and our review of the GWF Henrietta Peaker Project Application for Certification (AFC), Docket Number 01-AFC-18. This Issue Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. The staff will address the status of potential issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On August 27, 2001, GWF Energy LLC (GWF) filed an AFC, for its proposed Henrietta Peaker Project (HPP) with the California Energy Commission seeking approval to construct and operate a 91.4 megawatt (MW) natural gas-fired, simple-cycle electric generating facility. The plant will be owned and operated by GWF.

The proposed project would be located on a seven-acre fenced site within a 20-acre parcel west of Lemoore in unincorporated Kings County, California. Public Resources Code section 25552(e)(5) requires that, within three years, projects requesting a 4-month AFC review will be modified for combined cycle operation. The Commission waived this requirement at its October 17, 2001, Business Meeting.

Schedule. The project is proposed to be operational in a simple-cycle mode for the summer of 2002.

Facility Operation. The proposed power plant will consist of two General Electric LM6000 PC Sprint gas turbine-generators. The power plant will also be equipped with Selective Catalytic Reduction (SCR) systems for nitrogen oxide (NO_x) control and oxidation catalyst systems for carbon monoxide (CO) and volatile organic compounds (VOCs) control. Each combustion turbine generator (CTG) will have a gross capacity of 46.9 MW at annual average conditions of 63⁰ F ambient temperature and 60 percent relative humidity.

Emission control technology, necessary to meet proposed emission limits, will be provided. NO_x emissions will be controlled to 3.6 parts-per-million volume dry basis (ppmvd) at 15 percent oxygen by the SCR systems. CO emissions will be controlled to less than 6 ppmvd at 15 percent oxygen using an oxidation catalyst system.

The project's electric generation will be connected to a new 70 kV switchyard adjacent to the facility. From the switchyard, generated power will be transmitted via a short transmission line to Pacific Gas & Electric's (PG&E) Henrietta substation adjacent to the project site.

Electricity Market. Electricity generated from this facility will be sold to the California Department of Water Resources (DWR) under a 10-year contract.

Fuel. Natural gas will be the only fuel utilized by the two new CTGs. Natural gas will be supplied to the CTGs via a new 2.2 mile pipeline that will connect to Southern California Gas Company's (SoCalGas) pipeline along the Avenal Cutoff.

Water. The HPP will not include a cooling tower and will, therefore, have a minimal water demand of 150 acre-feet per year. The plant will require water for the CTG evaporative cooler, fire protection, plant general service, and domestic use. Bottled water will be used for drinking. The process water requirements will be met by Westlands Water District and Kings County. GWF states that the water for HPP operation will be supplied under pre-existing contracts with the Westlands Water District (Central Valley Project entitlement) and Kings County (State Water Project entitlement); thus, the project will not exert an additional or new demand upon the California Aqueduct and, according to GWF, is not projected to cause a significant impact on the respective water supplies of the two providers.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified to date. This report may not include all the significant issues that may arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report was based on our judgement of whether any of the following circumstances will occur:

- Significant impacts may result from the project which may be difficult to mitigate;
- The project as proposed may not comply with applicable laws, ordinances, regulations or standards (LORS);
- Conflicts may arise between the parties about the appropriate findings or conditions of certification for the Commission decision that could result in a delay to the schedule.

The following table lists all the subject areas evaluated and notes those areas where the critical or significant issues have been identified and if data requests have been requested. Even though an area is identified as having no potential issues, it does not mean that an issue will not arise related to the subject area. For example, disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops or even subsequent hearings. However, we do not currently believe such an issue will have an impact on the case schedule or that resolution will be difficult.

Major Issue	Data Req.	Subject Area	Major Issue	Data Req.	Subject Area
Yes	Yes	Air Quality	No	No	Public Health
No	Yes	Biological Resources	Yes	Yes	Socioeconomics
No	Yes	Cultural Resources	No	Yes	Traffic & Transportation
No	Yes	Reliability/Efficiency	No	No	Transmission Safety
No	No	Facility Design	No	Yes	Transmission Sys. Eng.
No	Yes	Geological Resources	No	Yes	Visual
No	No	Hazardous Material	No	No	Waste Management
Yes	Yes	Land Use	No	Yes	Water & Soil
No	No	Noise	No	Yes	Worker safety

At this time, the staff does not anticipate any major potential issues that can not be mitigated to less than significant. Staff is ready to participate with the applicant, other agencies, and other interested parties to address data requests or any issues that may arise. We plan to use this report and the data responses to focus our analysis on issues that will ultimately be addressed in the Staff Assessment (SA).

AIR QUALITY

CONSTRUCTION IMPACTS

The applicants' revised construction impact analysis provided in the AFC Supplement (Table 8.1-18) indicates that there are potentially significant impacts as a result of the construction of this project. The modeling results show significant increases to existing PM10 ambient air quality violations. Staff is concerned that some of the modeling assumptions may under predict the impacts of the other pollutants.

Staff has requested that the applicant revise their emission estimates to correct both errors and omissions. Staff will then conduct a revised modeling analysis to determine reasonable worst-case pollutant impacts from construction. Staff will include the results of the revised construction impact analysis, along with a discussion of recommended construction mitigation measures in its Staff Assessment.

LAND USE

ISSUE: Tentative Cancellation of Agriculture Preserve Contract

On July 31, 2001, the Kings County Board of Supervisors passed Resolution No. 01-081 – “In The Matter Of Tentative Cancellation Of Land Conservation Contract No. 1853.” The resolution presents the Board’s approval of the tentative cancellation of a portion of Land Conservation Contract No. 1853. It states that a final Board action on the contract’s cancellation (Certificate of Cancellation) and its recording will not occur pending completion or fulfillment of the following requirements:

- Payment of the land conservation contract cancellation fee to the Kings County Treasurer;
- Payment of a cancellation processing fee to Kings County; and
- Review and certification by the Kings County Board of Supervisors as a responsible agency of the final California Environmental Quality Act document prepared by the California Energy Commission (Energy Commission).

The Resolution states that the County is proposing to use the Energy Commission's Staff Assessment (SA) as the environmental document for the County's Certificate of Cancellation for the land conservation contract. Staff will work with Kings County and incorporate an analysis of the economic and environmental impacts of the cancellation in the SA.

There is also an issue regarding the timing of the sequence of events for the cancellation of the land conservation contract. Staff will need to know the final action taken by the County Board of Supervisors in order to complete its land use analysis. Until a final action is taken, staff cannot conclude that the project is consistent with local LORS (laws, ordinances, regulations, and standards) since land conservation contracts preclude the building of a power generation facility on contracted land.

Staff has requested (data request #20) that the applicant provide the process and schedule for the issuance of the Certificate of Cancellation. Staff believes that this Certificate must be filed not later than the start of the Committee's Evidentiary Hearings for this project.

ISSUE: Loss of Agricultural Land

The HPP is to be developed on a 7-acre parcel portion of a 20-acre parcel in an area zoned AX (Exclusive Agricultural District). According to the Kings County zoning regulations, the AX Zone is intended primarily for application to those rural areas of the county where it is necessary and desirable to reserve land for exclusive agricultural use. Exclusive agricultural use areas are generally suitable for the raising of crops or small concentrations of livestock because of the high quality of soils, scenic characteristics, existing or potential irrigation infrastructure or exclusive agricultural character of the area.

On page 2.5-1 of the Application For Certification Supplement, Reponse 17 states that "GWF proposes to contribute funds to the American Farmland Trust for the procurement of conservation lands on a 1:1 basis within Kings County, if possible, or otherwise within areas that are in close proximity to the County. With this mitigation there are no direct or cumulative impact from the HPP."

The applicant does not provide a timeframe within which this issue is to be resolved. Staff cannot conclude that this matter is in conformance with local LORS, or mitigated under CEQA, until the applicant provides the executed agreement between the applicant and the American Farmland Trust. This document should be submitted by December 1 in order to be considered in the Staff Assessment.

ISSUE: Lemoore Naval Air Station Air Safety & Security

The proposed project is to be located about 1 mile south of Lemoore Naval Air Station (NAS) where the Pacific Strike Fighter Wing and its supporting facilities are located. The Navy's newest and largest master jet air station is also located on the air base.

A height limitation is a common Federal Aviation Regulation Part 77 requirement. The base maintains a "clear/approach zone" or "buffer zone" with respect to structures that may affect aviation safety.

In the wake of the September 11, 2001 terrorist actions in New York, and Washington D.C. the military air base may have new aviation regulations regarding a security zone/buffer around the base. On September 18, 2001 staff attempted to drive down 25th Avenue to view the proposed site. However, 25th Avenue was barricaded to prevent vehicular access at State Highway 198 to the north of the project site and at the Avenal Cutoff to the south of the site.

Staff has written Lemoore Naval Air Station asking about air base security/buffer zone issues generated by the proposed HPP. No response has been received as of the writing of this issue report by staff. Staff hopes to hear from Lemoore Naval Air Station staff at the Informational Hearing on November 8, 2001.

SOCIOECONOMICS

The four-month review process, Section 25552 (d) (3) of the Public Resource Code requires an applicant to contract with a general contractor and contract for an adequate supply of skilled labor to construct, operate, and maintain a thermal power plant. Staff must assure that the required labor has been contracted in order for the Commission to make a finding that Section 25552 (d) (3) has been met.

A data request was submitted which requires evidence of a contract with a California licensed general contractor and contract(s) with one or more sources of skilled labor to construct, operate and maintain the proposed project, including any associated linear facilities.

SCHEDULING ISSUES

Staff has begun its analyses of the project and is currently in the discovery phase.

Public Resources Code Section 25552(b)(2) requires that the Committee determine, within 25 days of the determination that the application is data adequate--in this case by November 11, 2001--whether the project is eligible for the four-month review process described in Section 25552. Staff, on the basis of information currently before it, believes that the project is eligible because conditions of approval can be imposed upon the project to assure:

- (1) that the project and related facilities will not have a significant adverse effect on the environment as a result of construction or operation;

- (2) the protection of public health and safety;
- (3) that the project will comply with all applicable federal, state, and local laws, ordinances, and standards;
- (4) that both turbines comprising the project, will be in service before December 31, 2002; and
- (5) the project will obtain offsets or, where offsets are unavailable, pay an air emissions mitigation fee to the air quality management district based upon the actual emissions from the project.

An additional prerequisite that the project convert to either combined cycle or cogeneration within 3 years of licensure was suspended by the Commission at its October 17, 2001 Business Meeting.

On the basis of the above information, and adequate demonstration of the required labor contracts, staff recommends that the Committee find that the project continues to qualify for the four-month process. Given that any potential issues identified by staff to date are viewed as feasible to mitigate, it appears that a 120-day project review schedule is achievable.

Staff, under separate cover, will file a request for Committee Adoption of Staff's Proposed 4-month Schedule. The following is staff's proposed schedule for key events of the project, as contained in our request. Staff's ability to meet this schedule is dependent on the applicant's timely response to staff's data requests and other factors not yet discovered.

ENERGY COMMISSION STAFF'S PROPOSED SCHEDULE

DAY NUMBER	DATE	EVENT
	August 27	Application filed
Day 0	October 17	CEC determines Data Adequacy
Day 5	October 22	Staff files Data Requests
Day 14	October 31	Final DOC Issued by San Joaquin AQMD
Day 16	November 2	Staff Files Issue Identification Report
Day 16	November 2	Staff's recommendation on eligibility for 4-mo. Process
Day 22	November 8	Information Hearing & Site Visit
Day 28	November 14	Applicant files Data Responses
Day 35	November 21	Workshop on Issues, & Data Responses
Day 58	December 14	Staff files Assessment
Day 78	January 3	Workshop on Staff Assessment
Day 83	January 8	Staff files addendum to Assessment
		Committee Hearings
		Proposed Decision
Day 119	February 13	Final Decision